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DEPARTMENT OF STATE
 WASHINGTON

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 Date 12-15-16

June 19, 1980

*Very good
 memo
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MEMORANDUM FOR:

THE PRESIDENT

From:

Warren Christopher, Acting *WC*

Subject:

Soviet Relations with Southern
 South America

This assessment of Soviet relations with Argentina, Brazil, Chile, Peru, and Uruguay is in response to your request at breakfast, May 30.

General

Over the past decade, the USSR has expanded its official diplomatic and commercial activities in South America, and -- at least in Peru -- has shown a willingness to expend resources in order to develop a military supply relationship. However, the strongly anti-Communist orientation of most current South American leaders and the significantly stronger position of the United States and many European nations have limited the growth of Soviet influence, as distinct from official diplomatic and commercial activities, in the area.

Soviet Strategies

In the major countries of South America (and Mexico), the Soviets emphasize official, state-to-state relations in support of a wide variety of mostly non-revolutionary political and economic objectives. This contrasts noticeably to Soviet tactics in the Caribbean Basin which are focused more narrowly on turning instability and local revolutionary movements against the United States.

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While continuing to support local pro-Soviet Communist parties, the basic Soviet strategy in South America is to develop official diplomatic and commercial ties, and to influence established institutions, particularly the military. By courting governments in power through such tactics, the Soviets hope to profit economically, to make South American countries sensitive to Soviet interests, and to weaken their ties to the United States. Since Afghanistan, the Soviets have stepped up their overtures to Argentina and Brazil.

Individual Country Situations

Peru. Although diplomatic relations date only from 1969, Peru is where the Soviets have invested most heavily and made their most important gains. Since 1973, the USSR has provided Peru modern arms valued at some \$905 million on concessional terms. Soviet military advisors and technicians are attached to some Peruvian Army and Air Force units. Soviet personnel are also working on hydro-electric, petroleum and fishing projects. Just this April, the Soviets agreed to furnish some \$300 million (on 18-year terms at 6.5 percent interest) in technical assistance, plant and equipment for Olmos, an Aswan Damscale hydro-electric project.

Argentina. The Soviets have also courted Argentina on a wide range of fronts. Unlike Peru, their offers of military equipment have been unsuccessful, but trade has become significant for both countries. The commercial balance so far strongly favors Argentina (grain and meat for generators). A certain amount of diplomatic cooperation is also evident, particularly on opposition to human rights, and potentially on fishing and nuclear energy.

Brazil. President Figueiredo recently accepted an invitation to visit the Soviet Union, probably in 1981. The visit will make him the first President in Brazilian history to go to the Soviet Union. At this point, however, Soviet-Brazilian relations are mainly symbolic. Although official relations are long-standing, Soviet diplomatic and commercial offices are relatively modest, and trade less than 5 percent of Brazilian exports.

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Chile. The USSR has no diplomatic relations with the strongly anti-Soviet government of Chile. The Soviets attack Chile in propaganda as "fascists," but conduct no activities which seriously trouble the Pinochet regime domestically, although Chileans are concerned by Soviet ties to Peru and Argentina. Chile is repaying Soviet loans to the Allende government on schedule.

Uruguay. Uruguay's economic and political relations with Communist countries are strained. Diplomatic and trade ties with the USSR are minimal. Seven or eight Soviet technicians, resident in Argentina, are supervising the installation of Soviet-built turbines for a joint Argentine-Uruguayan hydroelectric project.

Implications

It is difficult to separate South American interest in commercial and normal diplomatic ties with the Soviets from other trends, such as the increased assertiveness of Latin Americans themselves and the dispersal of power globally. It is clear, however, that the Soviets have not been able to achieve significant political influence -- although they have begun to consolidate some of the hitherto largely symbolic gains made in the late 60's and early 70's in the wake of the decline of the Cold War and the rise of Third World politics.

One important factor is Soviet exploitation of Latin American nationalism and Third World posturing. Brazil's determination, for example, to pursue a foreign policy independent of the U.S. limits closer U.S.-Brazilian security relationships, and probably had some influence on Brazil's decision not to join the Olympic boycott.

Another key factor has been the willingness of the Soviet Union to back its widening global reach with resources. The Soviet subsidies to Peru for military equipment purchases, for example, exceeded all our security assistance for the entire Hemisphere.

Finally, frictions in U.S. relations with individual countries, particularly over human rights, arms control, and nuclear issues have also facilitated expansion of relations with the Soviets.

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In sum, the Soviet Union has laid diplomatic and commercial groundwork that could yield future influence.

While global trends no longer make it feasible to freeze the Soviet Union out of South America, the basic pro-Western and anti-Communist orientation of the South Americans is likely to limit opportunities for significant Soviet inroads.

Conclusion

Our overriding objective will be to reinforce the traditional and fundamental pro-Western and anti-Soviet attitudes of most of the governments of the Southern Cone. The key, in these very different situations, is continued dialogue and balanced pursuit of our interests.

We will continue to pursue our human rights policy but remain conscious of the need to execute it in a way that minimizes adverse effects on our other interests. As each of these countries makes progress on the road back to the rule of law, our relations will benefit from our having stood up for our principles.

Strong local desires for independence and intra-regional tensions have also bred some resentment against our nuclear non-proliferation and arms restraint policies. If a greater sense of common interests and common priorities can be built up, we can look forward to making progress on nuclear and conventional arms matters as well as in other fields.

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MEMORANDUM

NATIONAL SECURITY COUNCIL

UNCLASSIFIED with
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June 25, 1980

ACTION

MEMORANDUM FOR: ZBIGNIEW BRZEZINSKI

FROM: MARSHALL BREMENT
 ROBERT PASTOR

SUBJECT: Christopher Memo on Soviet Relations
 with South America

Attached at Tab A is a memo from Christopher to the President responding to a question the President evidently posed at a breakfast on May 30th. It is not a terribly informative memo, so we have prepared a short memo from you which addresses the question more succinctly.

RECOMMENDATION

That you sign the memo at Tab I and forward it with Christopher's memo to the President.

Tom Thornton concurs.

Department of State, A/GIS/IPS/SRP

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